

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 SWF-02 L-03 SP-03 AID-20 EB-11

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CEA-02 COME-00 PA-04 USIA-15 PRS-01 FRB-03 DRC-01

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R 152105Z JUL 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 7583

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

UNCLAS TEGUCIGALPA 2953

E.O. 11652: N/A

TAGS: ECON, HO

SUBJ: ECONOMIC POLICY OF HONDURAS: VIEWS OF CHIEF OF STATE

LOPEZ

1. JULY 13 CHIEF OF STATE OSWALDO LOPEZ ARELLANO HELD PRESS CONFERENCE COVERING SUBJECTS OF BANANAS, THE DEVELOPMENT PLAN, INFLATION, AGRARIAN REFORM AND STATE CORPORATIONS. PRESENTATION MADE FROM PREPARED MATERIAL. CONTENT SEEMED DESIGNED TO STATE CURRENT POLICY AND TO PUT DOWN SOME PERSISTENT RUMORS.

2. BANANAS. THE SURCHARGE HAS RUN INTO OPPOSITION IN SEVERAL FORMS AND IS STILL UNDER STUDY. THE COSTA RICAN POSITION REDUCING THE ORIGINAL TAX IS NOT FULLY CLEAR, BUT CONVERSATIONS ARE CONTINUING DAY AND NIGHT. (BENNATON WAS REPORTEDLY IN PANAMA FOR CONSULTATIONS BEGINNING JULY 15). LOPEZ STATED HIS BELIEF THAT A MEETING OF ALL BANANA EXPORTING COUNTRIES IS NEEDED, INCLUDING GUATEMALA, AND SHOULD BE HELD SHORTLY IN SAN JOSE. ALTHOUGH THE BANANA COMPANIES HAVE OPPOSED THE TAX AND SOME OF THEIR PROPOSALS

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REJECTED, HONDURAS HAS NOT CLOSED THE DOORS TO FURTHER NEGOTIATIONS,

WHICH ARE CONTINUING, HE STATED.

3. DEVELOPMENT PLAN. THE PLAN IS IN ITS FINAL STAGES OF REVISION PRIOR TO PUBLIC RELEASE. FINANCING FOR THE PLAN HAS BEEN HURT BY WORLD INFLATION AND THE INCREASED PRICE OF PETROLEUM WHICH WILL COST HEAVILY.

4. INFLATION. A COMMISSION HAS BEEN NAMED TO ATTACK THE EFFECTS OF INFLATION UPON HONDURAS. A PROGRAM WILL BE ANNOUNCED SHORTLY. ALREADY SOME LUXURY ITEMS AND VEHICLE IMPORTATION ARE RESTRICTED.

5. AGRARIAN REFORM IS UNDER INTENSIVE STUDY IN ORDER TO FIT IT TO HONDURAN REALITY AND NOT MAKE IT DEPENDENT UPON ANYONE'S SPECIAL INTERESTS.

6. THE CORPORACION NACIONAL DE INVERSIONES (CNI) IS THE LAST THAT THE GOVERNMENT HAS DECREED, AND IT WILL COMMENCE OPERATIONS IN SEPTEMBER, LOPEZ STATED. (THIS IS A NOT TOO CLEAR RESPONSE TO QUESTIONS CONCERNING RUMORED GOVERNMENT ESTABLISHMENT OF COORPORATIONS

IN SUCH FIELDS AS PETROLEUM AND TRANSPORT. THE CNI DECREE IS APPROVED

AT THE MINISTERIAL LEVEL AND THE LIKELY DIRECTOR IS AUGUSTO CUELLO, PRESENTLY DIRECTOR OF INDUSTRIES IN MINECON).

7. THE CHIEF OF STATE DECLARED HIMSELF OPTIMISTIC AND EARLY ADVANCES TOWARD SOLUTION OF THE EL SALVADOR PROBLEM. HE STATED HIS DESIRE FOR OPEN (PUBLIC) DIALOGUE ON ALL MATTERS OF NATIONAL IMPORTANCE. SANCHEZ

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